



CONTRACTING WITH SPANISH-SPEAKING CUSTOMERS

A Guide to Business Operators' Responsibility Under California Law

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CONSUMER INFORMATION SHEET

- Many businesses in California rely upon contracts with customers as part of their everyday operations. If a trade or business *negotiates a customer contract primarily in the Spanish language*, that business must follow some specific requirements established under California law. **Particularly, you must give the customer a written Spanish-language translation of the proposed contract before he/she signs it.**
- It is never sufficient to give the Spanish-speaking person the Spanish-language translation of a contract **after** he/she has signed it. In fact, California law states that the Spanish-language translation must be given to the customer before signing whether or not he/she requests it. And if there are any documents that modify the contract, Spanish translations of those documents must be presented to the customer at the same time.
- This rule applies to the following contracting situations:
 - Credit sale contacts involving consumer goods and services of all kinds including sales and leases of automobiles;
 - Virtually all loans or other extensions of credit for use primarily for personal, family or household purposes, except loans secured by real property;
 - Loans secured by real property, if arranged by a real estate loan broker or made by a finance lender or an industrial loan company;
 - Contracts for the rental, lease or sublease of apartments or other dwellings (including mobile homes) for a period longer than one month (month-to-month and week-to-week rental contracts are not covered); and
 - Contracts involving the payment of fees or charges for legal services furnished by lawyers.
- If a contract involves a loan made by a financial organization such as a bank, savings association, credit union or finance lender, the organization only needs to give the customer a Spanish-language translation of the credit disclosures as required by the

The law's purpose is to ensure that each Spanish-speaking customer has a genuine opportunity to read the Spanish-language translation of a proposed contract that was negotiated primarily in Spanish. This gives the customer a chance to fully review the document and, if necessary, consult with others about the terms before the customer signs the contract.

Federal Truth in Lending Act. The Spanish-language translation must include the amount financed, the annual percentage rate, the amount and due dates of the payments, and other relevant credit information that the average customer would be likely to consider before signing a contract.

- The translation requirement only applies to the original contract and any documents that change it. Later documents that are authorized or expected to be made under the original contract (for instance, sales slips, invoices, periodic statements, etc.), do not need to be produced in the Spanish language.
- Spanish-language translations are not needed in the following kinds of transactions:
 - Home improvement contracts;
 - Contacts involving a seller who does not work in a trade or business; or
 - Contracts in which the Spanish-speaking customer has negotiated the contract through his/her own interpreter (with limitations, see below).
- If a customer uses an interpreter, the interpreter must be able to speak fluently and read with full understanding both English and Spanish. Also, the interpreter cannot be under 18 years of age. The interpreter may not be an employee of the business offering the contract or made available by or through that business.
- After a Spanish-speaking customer signs the English version of the contract, that document determines the rights of the customer and the business. However, if there is a substantial difference between the English contract and the Spanish translation, the contract may not be binding. *It is the business's responsibility to ensure the accuracy of the translation presented to the customer.*
- According to California law, if a business fails to provide a Spanish-language contract when it is required, the customer has the right to cancel the contract, even if it has already been assigned to a financial institution. If the customer cancels, he/she is entitled to get back from you any amount he/she has paid to you. The customer must return any goods received from you.
- One final requirement: The business must post a Spanish-language notice that clearly explains the customers' rights under this law. This notice must be placed in a conspicuous place at locations where Spanish-language contracts are negotiated and signed.

NOTICE: This information sheet is intended to provide accurate information as of the date of the publication. However, it is only a guideline. Questions about the law's application to particular cases should be directed to a legal specialist.